

PURCHASING AND LICENSING COMMITTEE

12-0061R

RESOLUTION AUTHORIZING THIRD ADDENDUM EXTENDING THE ADMINISTRATIVE SERVICES AGREEMENT WITH RTW, INC., FOR THIRD-PARTY ADMINISTRATION OF WORKERS' COMPENSATION EFFECTIVE FEBRUARY 1, 2012, THROUGH FEBRUARY 1, 2013.

CITY PROPOSAL:

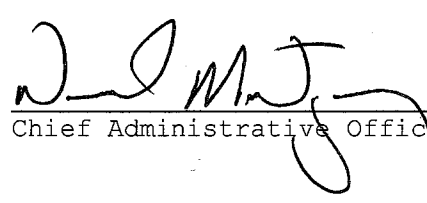
RESOLVED, that the proper city officials are hereby authorized to execute the third addendum to the administrative services agreement with RTW, Inc., substantially in the form of that on file in the office of the city clerk as Public Document No. _____, together with supporting documents, for third-party administration of the city's self-funded workers' compensation program effective February 1, 2012, through February 1, 2013, in the amount of \$52,000; payable from Fund 605, Agency 036, Organization 1651, Object 5441 (self-insurance-workers' comp, insurance accounts, insurance - general city).

Approved:



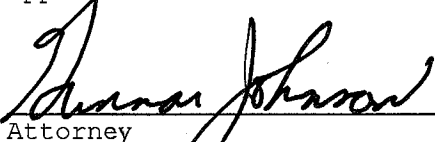
Department Director

Approved for presentation to council:




Chief Administrative Officer

Approved as to form:



Attorney

Approved:



Auditor

HR/ATTY CH:ao 1/25/2012

STATEMENT OF PURPOSE: This addendum continues the third-party administrative services by RTW, Inc., relative to the city's self-funded workers' compensation claims, for another year. Under this third addendum, the fixed annual contract cost is reduced from \$54,500 in the previous year down to \$52,000; in addition, the previously approved 2.5 percent fee increase is being waived for 2012. The reduction from last year is due in part to Spirit Mountain Authority and Duluth Airport Authority being dropped from the city's self-funded group.



ADMINISTRATIVE SERVICES AGREEMENT

Between

City of Duluth

And

RTW, INC.

THIS ADMINISTRATIVE SERVICES AGREEMENT (hereinafter "Agreement") is made in Minnesota between the City of Duluth, a Minnesota municipal corporation, self insured (hereinafter "SI") and RTW, Inc. (hereinafter "RTW").

WHEREAS, SI has developed and implemented a self-insured workers' compensation insurance program for its operations in Minnesota; and

WHEREAS, SI desires to arrange for RTW to provide certain administrative services in connection with SI's workers' compensation program, and RTW desires to provide to SI such services.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

ARTICLE I. SERVICES PROVIDED BY RTW

1.01 General. During the term of this Agreement, RTW will provide the services described in this Agreement, in accordance with applicable Minnesota Statutes relating to the administration of workers' compensation claims and usual and customary business practices of the industry.

1.02 Advisor. RTW will advise SI with regard to SI's workers' compensation self-insurance program.

1.03 Claims Processing. RTW will process claims for workers' compensation benefits brought against SI pursuant to Minnesota Statutes Chapter 176.

- A. RTW will conduct an initial meeting with SI's designated decision maker and day-to-day contact person (if applicable) to discuss program components, claims and injury management, and provide applicable forms. RTW will also conduct a supervisor orientation to inform supervisors from all departments and the day-to-day contact person, on reporting procedures when an injury occurs.

20001



- B. RTW will assign a medical claims management team to manage all claims with emphasis given to injured workers who have ongoing medical care or high-risk factors. This team will assist SI to identify transitional duty.
- C. RTW will process claims and provide related services in conformance with generally accepted insurance industry practices, in accordance with the terms of this Agreement, and in accordance with the terms and conditions of the workers' compensation laws, rules and regulations of the State of Minnesota.
- D. RTW will screen all reports of injuries upon receipt of notice of the same. RTW will establish an individual file for each reported claim, and each claim will be assigned to a claims administrator.
- E. RTW will conduct claims investigations appropriate to each claim in order to determine compensability and accept or deny claims based upon information available to RTW. For purposes of such investigations, allocated loss adjustment expenses will be reimbursed by SI to RTW weekly. Allocated loss adjustment expenses will include, but are not limited to, independent medical consultations and evaluations, photocopy charges, charges for medical records and reports, police or similar investigatory reports, and surveillance expenses. RTW agrees to obtain SI's approval before incurring any expenses for independent medical consultations and evaluations, private investigators and surveillance.
- F. For lost time claims, RTW will initiate personal or telephone contact with the primary parties involved within 48 hours from the time the claim is reported to RTW. As appropriate, such claims will be investigated promptly as to the severity of injury, the potential extent of disability, compensability, jurisdiction, and/or liability.
- G. RTW will also calculate and determine the amount and type of benefits due and RTW will pay as required all medical, employee indemnity benefit and claims expense amounts including rehabilitation and vendor expenses. RTW will make required payments to the Minnesota Special Compensation Fund and to the Minnesota Self-Insurer's Security Fund. SI will reimburse RTW weekly for these claim costs paid.
- H. RTW will assign rehabilitation consultants and vendors as appropriate.
- I. When RTW becomes aware of any legal action for workers' compensation benefits, RTW will timely notify SI. RTW will cooperate with SI and SI's attorneys for the defense of all claims made against SI for workers' compensation benefits and where appropriate, RTW will appear at conferences and hearings.
- J. RTW will establish individual case reserves as appropriate.



- K. RTW will provide regular loss runs and consult with the SI at least quarterly to evaluate program results.
- L. When RTW becomes aware of any subrogation rights of SI, which exist by virtue of the payment of workers' compensation benefits, RTW will timely notify SI. RTW will cooperate with SI and SI's attorneys in the pursuit of these subrogation rights and where appropriate, RTW will appear at conferences and hearings.
- M. RTW will develop a formal Return to Work Program with the cooperation of the SI. This program will include the following:
 - 1) Initial Assessment of current return to work process
 - 2) Train top management and develop policy statements
 - 3) Develop written formalized return to work process
 - 4) Train management, supervisors, foreman, and safety committees on return-to-work process
 - 5) Work with management, supervisors, foreman, and safety committees to identify and create transitional jobs and duties
 - 6) Develop program to assess effectiveness on an annual basis

1.04 Records. RTW will maintain reasonable records relating to its responsibilities under this Agreement and will provide SI with copies of all such records requested by SI. In the event of the termination of this Agreement, RTW will return all of SI's original files and records in the possession of RTW relating to its services rendered under this Agreement. RTW may, at its option and at its expense, copy any or all of those files and records of SI, either before or after they are returned to SI.

1.05 Reports. RTW will provide SI with a monthly report itemizing all claims processed by RTW during the preceding month, including computerized reports giving the status of losses, showing payments to date, estimated reserve amounts and other details relating to losses for purposes of the SI's control analysis. If requested, RTW will provide data to SI, which is required for an annual report or for a state or city audit.

- A. RTW will provide the Minnesota Department of Labor and Industry, Workers' Compensation Division, with all required notices and reports.
- B. RTW will provide the Minnesota Special Compensation Fund and the Minnesota Self-Insurer's Security Fund with all required notices and reports, showing all payments made from SI's claims account. RTW will also provide all required status and loss reports to the Minnesota Department of Commerce.



- C. RTW will develop and submit all required workers' compensation payroll reports to the Minnesota Workers' Compensation Reinsurance Association, showing actual payrolls by employee classification, as audited at the close of the calendar year. To complete such payroll reports, RTW will be permitted to audit books and records of SI as RTW deems necessary to render its services under this Agreement for a period of up to one year after termination of this Agreement.
- D. RTW will also provide any other required reports to the Minnesota Special Compensation Fund, the Minnesota Workers' Compensation Reinsurance Association, the Minnesota Department of Commerce, and any additional excess carrier if applicable.

ARTICLE II. RESPONSIBILITIES OF SELF-INSURED EMPLOYER

2.01 Contact Person. SI will designate a decision maker and/or day-to-day contact person to work with RTW.

2.02 Injury Reporting. SI will expedite all First Reports of Injury to RTW within 24-48 hours of being notified of the injury. A serious injury requires an immediate phone call to the RTW team (952 893-0403) and either a faxed First Report of Injury sent immediately to (866-286-5258) or an electronically submitted First Report of Injury sent immediately to rtwi.com.

2.03 Cooperation. SI will cooperate with RTW and assist RTW, as RTW may request, in the reasonable investigation, defense or settlement of any claim, proceeding or suit.

2.04 Information and Documents. SI will promptly provide to RTW all documents and information which RTW reasonably requests in order to enable RTW to prepare and submit all of the reports referenced in Article I of this Agreement or to otherwise carry out any of its obligations under this Agreement.

2.05 Inspection of Workplaces. SI will allow RTW to, from time to time, inspect SI's work places for purposes of evaluating "suitable" work and transitional light-duty work, all as part of an effort to return injured employees to work. These inspections are not safety inspections, and RTW does not undertake or assume any duty to provide for the safety and health of SI employees.

ARTICLE III. PAYMENTS TO RTW

3.01 Fee. SI will pay RTW, Inc. a fee for its services as follows:

- A. An Annual Administration Fee of \$5,000.00, payable within thirty (30) days of the effective date of this Agreement and thereafter within thirty



(30) days of the effective date of each year of this Agreement. The Annual Administration Fee includes the following services: RTW e-Services[®] access and training; required state filings and reporting; set up of the billing and banking process; account management; quarterly service review meetings with designated SI representatives. RTW shall have the right to increase the Annual Administration Fee for each renewal period if RTW provides SI with written notice of the intended increase in the Annual Administration Fee ninety (90) days prior to the effective date of any renewal of this Agreement.

- B. An Annual Fixed Fee for RTW to handle all claims reported within each twelve (12) month period of this Agreement for a period of 2 years.

Year One Fixed Fee	\$42,460.00
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Year Two Fixed Fee	\$43,733.00
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The Annual Fixed Fee includes the following services: Claim Management; Claim related state reporting; Medical bill review and payment; RTW staff attendance at Hearings and Conferences; Medical Case Management services provided by RTW staff; RTW Staff Physician reviews. The Annual Fixed Fee will be payable in monthly equal installments.

Additional costs that will be billed to SI include: Allocated Loss Adjustment expenses identified in Section 1.03(E). of this Agreement; QRC Services; PPO Savings (25% of Savings);

Additional costs that will be billed to SI and require prior approval by SI include: Loss Prevention Consultant (\$100.00 per hour); Vocational Rehabilitation; Actuarial Services; Accident Investigations; External Catastrophe Claim Management; Payroll Audits; State mandated Application, Renewal and Filing Fees.

- C. An annual fixed fee to handle open SI claims occurring prior to the effective date of this Agreement will be charged on a fixed fee basis as follows:

Year One Fixed Fee	\$40,368.00
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Year Two Fixed Fee	\$28,152.00
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The fixed fee charges to handle open SI claims occurring prior to the effective date of this Agreement will be payable in monthly equal installments.



Any nurse case management on open SI claims occurring prior to the effective date of this agreement will be offered at a time and expense charge of \$120.00 per hour and only done upon the direction of the SI.

- D. A year one fixed fee to develop a formal return to work program for SI of \$5,000.00. Half of this fixed fee is due when the project begins and the other half is due upon completion of the return to work program.

3.02 Change in Service Fee. In the event SI requests that RTW provide services which differ materially from those described in this Agreement, the, additional cost of such services and related out-of-pocket expenses will be paid by SI at RTW's negotiated rates. If RTW's performance under this Agreement is made materially more burdensome or expensive due to any change in federal, state or local laws, rules and regulations during the term of this Agreement, the parties will endeavor to negotiate an appropriate adjustment to the fee schedule. If the parties cannot agree on an adjusted fee schedule within thirty (30) days after RTW sends written notice to SI of the material change and its desire to negotiate an adjusted fee, RTW may at any time thereafter terminate this Agreement upon thirty (30) days' written notice to SI.

ARTICLE IV. TERM AND TERMINATION

4.01 Term. Unless SI's authority to self-insure is revoked by the Minnesota Department of Commerce, this Agreement will be in effect for a period of two (2) year beginning February 1, 2006, and will be automatically renewed on a year-to-year basis on the first and each subsequent anniversary thereafter unless either party, at least sixty (60) days in advance of any such anniversary, provides the other party with a written notice of non-renewal.

4.02 Early Termination By Either Party. During the term of this Agreement or any period of extension, either party may terminate this Agreement for material breach by the other party of one or more provisions of this Agreement by giving written notice stating the reason or reasons for termination. Unless the breaching party fully cures its breach within ten (10) days from receipt of the written notice, the non-breaching party may, by written notice, terminate this Agreement at any time thereafter while such breach remains uncured. This Agreement may be terminated by either party at any time, by giving notice to the other party at least seventy-five (75) days prior to the termination date.

4.03 RTW's Additional Rights of Early Termination. RTW may terminate this Agreement at any time for SI's non-payment of fees due and owing RTW under this Agreement, by giving written notice of default to SI. Unless SI fully cures its breach within ten (10) days from the date of the notice of default, RTW may, by written notice, terminate this Agreement at any time thereafter while such breach remains uncured. In the event this Agreement terminates by SI's failure to cure any default, SI remains liable to RTW for all fees due and owing RTW up to and including the effective date of termination.

4.04 Termination By Government Action. This Agreement will terminate upon the effective date of any applicable federal, state or local law, rule and regulation, which nullifies, renders impermissible, or invalidates any of the services or provisions of this Agreement.



4.05 Procedures On Termination. In the event of termination of this Agreement for any reason, including but not limited to, sale, merger, consolidation, bankruptcy or any other financial forfeiture by SI, RTW will be paid, as provided in Article III, up to the date of termination. RTW will render a final accounting of SI's claims account and return any monies therein to SI, along with SI's claims and financial or other records in the possession of RTW. RTW will not be financially responsible for and will not administer any claims following the effective date of termination. SI will return to RTW any of RTW's proprietary or confidential information in SI's possession.

4.06 Effect Of Termination. Except as expressly provided in this Agreement, termination of this Agreement will not relieve or release either party from its obligations to make any payments which it may owe the other party under the terms of this Agreement (including, without limitation, payment for any services rendered to SI), or from any other liability which either party may have to the other party arising out of this Agreement or the breach of this Agreement.

ARTICLE V. LAWS, RULES AND REGULATIONS

5.01 Performance of RTW's Services. RTW will perform its services and conduct itself pursuant to this Agreement in accordance with applicable federal, state and local laws, rules and regulations.

5.02 Licenses. RTW will obtain and maintain any licenses or regulatory approvals necessary for it to perform its services under this Agreement.

5.03 Authority to Self-Insure. SI will obtain and maintain all necessary licenses and authority to self insure and will provide verification thereof to RTW upon request.

ARTICLE VI. INDEMNIFICATION AND HOLD HARMLESS

6.01 SI's Duty to Hold RTW Harmless. SI recognizes that during the administration by RTW of SI's Workers' Compensation program, RTW is required to analyze and exercise its judgment with respect to individual claims, including but not limited to the acceptance or denial of particular claims and that these judgments are often very subjective or are required to be made based upon limited information. RTW agrees to immediately communicate with SI any questions or concerns it has relating to the payment or denial of a claim. SI agrees to hold RTW harmless from any losses, expenses, or penalties that may result from any errors in analysis or judgment by RTW in performing its responsibilities under this Agreement so long as information is communicated to SI as set forth in this section. RTW and SI will develop procedures regarding the communication of these matters.

6.02 SI's Duty of Indemnification. SI will defend, hold harmless and indemnify RTW and its officers, directors, agents and employees against any and all claims, liabilities, damages, penalties, judgments or expenses, asserted against, imposed upon or incurred by RTW



to the extent or portion of which, they are directly caused by the negligence or wrongful acts or omissions, of SI, its employees or agents (including without limitation any previous or successor claims administrator) and relating to any workers' compensation claims involving SI.

6.03 RTW's Duty of Indemnification. Except as noted in Section 6.01 above and except with respect to RTW's administration of reserves as noted hereafter, RTW will defend, hold harmless and indemnify SI and its officers, directors, agents and employees against any and all claims, liabilities, damages, penalties, judgments or expenses, asserted against, imposed upon or incurred by SI to the extent or portion of which they are directly caused by the negligent or wrongful acts or omissions, of RTW or its employees or agents and relating to any workers' compensation claims involving SI.

With respect to RTW's administration of reserves, RTW will defend, hold harmless and indemnify the SI and its officers, directors, agents and employees against any and all claims, liabilities, damages, judgments or expenses, including reasonable attorneys' fees, asserted against, imposed upon or incurred by the SI that arise out of the negligence or fraud of RTW or its employees in the discharge of its or their responsibilities under this Agreement.

6.04 Proportional Indemnification. If liabilities, damages, judgments or expenses arise out of acts or omissions, including negligence of both parties, the rights of indemnification or contribution of the respective parties shall be determined by the proportional fault of the parties.

ARTICLE VII. CONFIDENTIALITY

7.01 RTW Proprietary Program. RTW has developed a proprietary workers' compensation claims management program (the "RTW Program") designed to effect a substantial reduction in workers' compensation insurance losses. The RTW Program utilizes, among other features, concepts of (a) working closely with employers to ensure compliance with the RTW Program, (b) early intervention in injury cases, (c) closely monitoring treatment to minimize work loss in permanent injury claims, (d) a method of identifying potential high risk cases at the time of injury, (e) safe early work return for injured employees, and (f) various reports, forms, information systems and procedures for effectively implementing these concepts. The term "RTW Program" as used herein includes the RTW workers' compensation claims management program as that program currently exists, and all additions, improvements and further development of that program as may occur from time to time during the term of this Agreement.

SI acknowledges that the RTW Program is proprietary, confidential information of RTW which shall remain the exclusive property of RTW. Upon the termination of this Agreement, all rights to the RTW Program shall remain with RTW and may not be utilized in any manner by SI.

7.02 Other Confidential Information. The parties acknowledge that certain other confidential information, in addition to information regarding the RTW Program, may be transmitted or disclosed by the parties to each other in connection with the discharge of their duties and responsibilities under this Agreement. For purposes of this Agreement, "confidential

information" includes, but is not limited to, financial data, participant records, trade secrets, software programs and all other information designated by RTW or SI as confidential and communicated to the other party as such. Knowledge or information publicly known or ascertainable from public or published information, including trade sources that are generally available in the industry, is not considered "confidential information" under this Agreement. Any combination or integration of separate items of information which together constitute confidential information shall not be deemed to be within the above exception merely because any of such separate items of information are in the public domain or in the possession of the non-disclosing party without being so combined or integrated.

7.03 Non-Disclosure. Neither party will, at any time, directly or indirectly, reveal, report, memorialize, publish, duplicate or otherwise disclose to any third party in any way whatsoever any confidential information of the opposite party or copy or use any confidential information of the opposite party for any purpose other than the purposes of this Agreement. Each party will take such actions to protect the confidential information of the opposite party as it takes with respect to its own confidential information; provided, however, in all events, each party shall take reasonable actions to protect the confidential information of the opposite party.

7.04 Duration of Restriction. These restrictions on the use of information concerning the RTW Program and other confidential information described in this Article VII will survive the termination of this Agreement and remain in full force and effect thereafter as to any particular aspect of the RTW Program or item of confidential information so long as that particular aspect or item remains confidential and is not publicly available.

7.05 Irreparable Harm. Both parties understand and acknowledge that any disclosure or misappropriation of any confidential information or information relating to the RTW Program in violation of this Agreement may cause irreparable harm, the amount of which may be difficult to ascertain. Accordingly, each party shall be entitled to obtain temporary, preliminary and/or permanent injunctive relief against the threatened breach of this Article 7 or the continuation of any such breach, without the necessity of proving damage or the requirement to secure or post any bond, which is hereby specifically waived. Nothing herein shall be construed as a waiver by either party of its right to pursue any other available remedies, including the recovery of damages.

ARTICLE VIII. MISCELLANEOUS

8.01 Employer Liability Claims. This Agreement does not include the administration of any third party or employer liability claims that may be brought against SI. It is the responsibility of SI to either separately insure or self insure for such claims.

8.02 Confidentiality of Data. SI and RTW agree that all data disclosed, communicated and maintained between them concerning any claim for workers' compensation benefits is confidential data that shall be administered consistent with federal and state law. RTW agrees that its obligations under this paragraph shall survive the termination of this Agreement. In the event of physical or electronic unauthorized access, use, disclosure, modification, or destruction of workers' compensation data (hereinafter "Security Breach"),



RTW shall give notice to SI not more than three (3) business days after RTW learns of the Security Breach. RTW agrees that a Security Breach is a material breach. In the event of a Security Breach, SI may terminate this Agreement as noted in Section 4.02.

Entire Agreement. This agreement includes the entire understanding of the parties and may not be amended except in writing signed by both parties.

8.03 Amendment. This Agreement cannot be amended, altered, enlarged, supplemented, abridged, modified nor any provisions waived except by a writing duly signed by all of the parties.

8.04 Assignment. This Agreement shall not be assignable by any party hereto without the prior written consent of the other parties.

8.05 Governing Law. This Agreement will be governed by the laws of the State of Minnesota, without regard to the laws or principles of any jurisdiction with respect to conflict of laws.

8.06 Agency. The relationship between the parties is one of principal and agent. Nothing in this Agreement will be construed or deemed to create any other relationship between the parties, including one of employment or joint venture.

8.07 Notice. All notices under this Agreement shall be in writing, and may be delivered by hand or sent by facsimile transmission, or certified mail, return receipt requested. Notices sent by mail shall be deemed received on the date of receipt indicated by the return verification provided by the U.S. Postal Service. Notices sent by facsimile transmission shall be deemed received the day on which sent, and shall be conclusively presumed to have been received in the event that the sender's copy of the facsimile transmission contains the "answer back" of the other party's facsimile transmission. Notices shall be given or sent to the parties at the following addresses:

IF TO RTW:

RTW, Inc.
P.O. Box 39327
Minneapolis, MN 55439

IF TO SI:

City of Duluth
Attention: Gary Meier
313 City Hall
Duluth, MN 55802

Either party hereto may designate any other address for notices given it hereunder by written notice to the other party given at least ten (10) days prior to the effective date of such change.



8.08 Regulatory Compliance. Subject to paragraph 3.02 and Article IV, in the event any federal, state or local legislative or executive body enacts or promulgates legislation or regulation affecting the obligation of the parties under this Agreement, the parties agree to amend this Agreement in order to comply with any such legislation or regulation.

8.09 Waiver of Rights. The failure of any party to insist upon the strict observation or performance of any provision of this Agreement or to exercise any right or remedy will not impair or waive any such right or remedy.

8.10 Severability. The invalidity of my provision of this Agreement or portion of a provision will not affect the validity of any other provision of this Agreement or the remaining portion of the applicable provision which can be given without the invalid provision. To this end, the provisions of this Agreement will be severable.

8.11 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instant.

[Remainder of Page Intentionally Left Blank.]



IN WITNESS WHEREOF, the parties have executed this Agreement as of the date indicated below.

RTW, INC.

Dated: 1/30/06

By: David Dietz

Print Name: David Dietz

Its: Vice President

Dated: 2/6/06

City of Duluth

By: Herb W. Bergson

Print Name: Herb W. Bergson

Its: Mayor

Attest: [Signature]
City Clerk

[Signature Page for Administrative Services Agreement.]

Countersigned:

Wynne Panson
City Auditor

Approved as to form:

[Signature]
City Attorney



EXHIBIT A

Billing and Payment Procedures

RTW shall use its account at US Bank for the payment of claims, allocated loss adjustment expenses and any other claim fees that are the responsibility of SI. Each Sunday, RTW will provide SI with a complete register of checks issued the previous week and SI will reimburse RTW in that amount. Electronic Funds Transfer for this amount will be settled by Tuesday of each week.

In the event that payment has not been received within three days, RTW will hold claim checks until payment is received in full.

Checks over 90 days outstanding will be reviewed individually. RTW will make reasonable efforts to void and reissue any check that is not cashed within 90 days. All checks remaining uncashed will be turned over to the appropriate State unclaimed property division, per their specifications.

RTW will perform a quarterly reconciliation to verify that all checks issued within the period have cleared.

CERTIFIED COPY OF RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DULUTH, MINNESOTA

RESOLUTION 05-0787

ADOPTED: NOVEMBER 28, 2005

BY COUNCILOR STEWART:

RESOLVED, that RTW, Inc. be and hereby is awarded a contract for professional services for third party administration of workers' compensation insurance for the human resources division in accordance with specifications on its low specification of \$95,000, terms net 30, FOB destination, payable out of Self Insurance Worker's Compensation Fund 0605, Department/Agency 036, Organization 1651, Object 5441.

Resolution 05-0787 was unanimously adopted.

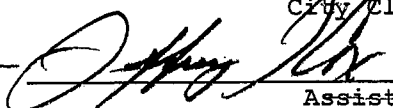
Approved November 28, 2005

HERB W. BERGSON, Mayor

I, JEFFREY J. COX, city clerk of the city of Duluth, Minnesota, do hereby certify that I have compared the foregoing resolution passed by the city council on the 28th day of November, 2005, with the original in my custody as city clerk of said city, and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth, this second day of December, 2005.

JEFFREY J. COX
City Clerk

by 
Assistant
CITY OF DULUTH, MINNESOTA

Addendum

The Administrative Services Agreement (hereinafter "Agreement") between City of Duluth and RTW, Inc. is extended effective 02/01/2008 through 02/01/2011.

All terms and conditions provided by the Agreement effective 02/01/2006 will remain in effect. In addition, the following amendments are made:

1. Article III. Payments to RTW is amended to:

Fee. City of Duluth will pay RTW, Inc. the following fees for its services. The fees are payable within 15 days after the receipt of the RTW invoice.

A. An Annual Administration fee:

An Administration Fee for the period of 02/01/2008 through 02/01/2009
period of this agreement. \$5,000

An Administration Fee for the period of 02/01/2009 through 02/01/2010
period of this agreement. \$5,000

An Administration Fee for the period of 02/01/2010 through 02/01/2011
period of this agreement. \$5,000

The Administration Fee includes the following services: RTW e-Services® access and training; required state filings and reporting; the billing and banking process; account management; quarterly service review meetings with designated SI representatives and all IT charges for data conversions of claims occurring prior to the effective date of this contract.

B. An Annual Fixed Fee for RTW to handle all claims reported within each (12) month period of the Agreement:

A Fixed Fee for RTW to handle all claims reported within the 02/01/2008 through 02/01/2009 period of this Agreement: \$45,045

A Fixed Fee for RTW to handle all claims reported within the 02/01/2009 through 02/01/2010 period of this Agreement: \$46,396

A Fixed Fee for RTW to handle all claims reported within the 02/01/2010 through 02/01/2011 period of this Agreement: \$47,788

The Fixed Fee includes the following services: Claim Management; Claim related state reporting; Medical bill review and payment; RTW staff attendance at Hearings, Conferences; Medical Case Management services provided by RTW staff, and RTW Staff Physician reviews. The Fixed Fee will be payable in equal monthly installments.

Additional costs that will be billed to SI include: Allocated Loss Adjustment expenses identified in section 1.03(E). of this agreement; Loss Prevention Consultant (\$100 per hour); QRC Services; Vocational Rehabilitation; Actuarial Services; Subrogation; Accident Investigations; External Catastrophe Claim Management; PPO Savings (25% of Savings); Payroll Audits; State mandated Application, Renewal and Filing Fees.

- C. An Annual fixed fee to handle open SI claims occurring prior to the effective date of this Agreement will be charged on a fixed fee basis as follows:

Year One Fixed Fee	\$26,000
Year Two Fixed Fee	\$24,000
Year Three fixed Fee	\$22,000

The fixed fee charges to handle open SI claims occurring prior to the effective date of this Agreement will be payable in monthly equal installments.

IN WITNESS WHEREOF, the Parties have executed this AGREEMENT as of the date indicated below.

RTW, INC.

Dated: 2/15/08

By: JB Murphy

Print Name: JEFFREY B. MURPHY

Its: PRESIDENT & CEO

City of Duluth

Dated: 2-4-08

By: Don Ness

Countersigned:

Print Name: Don Ness

W. Pann
City Auditor

Its: Mayor

Approved as to form:

Attest: [Signature]

[Signature]
City Attorney

City Clerk

CERTIFIED COPY OF RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DULUTH, MINNESOTA

RESOLUTION 08-0092

ADOPTED: JANUARY 28, 2008

BY COUNCILOR KRAUSE:

RESOLVED, that the proper city officials are hereby authorized to execute the addendum to the administrative services agreement with RTW, Inc., substantially in the form of that on file in the office of the city clerk as Public Document No. 08-0128-17, to continue third party administration of the city's self-funded workers' compensation program effective February 1, 2008; payable from Fund 605, Agency 036, Organization 1651, Object 5441.

Resolution 08-0092 was unanimously adopted.

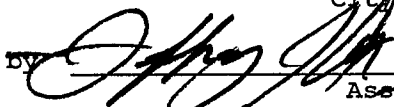
Approved January 28, 2008

DON NESS, Mayor

I, JEFFREY J. COX, city clerk of the city of Duluth, Minnesota, do hereby certify that I have compared the foregoing resolution passed by the city council on the 28th day of January, 2008, with the original in my custody as city clerk of said city, and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth, this 31st day of January, 2008.

JEFFREY J. COX
City Clerk

by 
Assistant
CITY OF DULUTH, MINNESOTA

20001-1

Second Addendum

On February 1, 2006, the City of Duluth and RTW, Inc., entered into an Administrative Services Agreement for third party administration of workers compensation from February 1, 2006, to February 1, 2008, which contract was amended by Addendum extending said contract through February 1, 2011 (hereinafter Agreement). The Agreement is hereby extended effective February 1, 2011, , with all terms and conditions remaining in effect except as amended as follows:

21290

1. Article I, Services provided by RTW is amended to:

- J. RTW will establish individual case reserves as appropriate. In addition, RTW will notify SI via email or other written documentation of any charge in reserves that exceeds \$5,000.
- K. RTW will provide SI access to its e-Services report site. SI will receive training and RTW will assist SI in building customized reports that can be accessed by SI. RTW will consult with SI at least quarterly to review open files and to discuss loss trends and claim mitigation strategies.
- N. SI will be notified immediately, via email, of any file re-opening due to legal action, dispute or any other reason that may cause the file to remain re-opened for an extended period.

2. Article III, Payment to RTW is amended to:

Fee. City of Duluth will pay RTW, Inc. the following fees for its services. The fees are payable within 15 days after the receipt of the RTW invoice.

A. An Annual Administration fee:

An Administration Fee for the period of 02/01/2011 through 02/01/2012
period of this Agreement: **\$5,000**

The Administration Fee includes the following services: RTW e-Services® access and training; required state filings and reporting; the billing and banking process; account management; quarterly service review meetings with designated SI representatives and all IT charges for data conversions of claims occurring prior to the effective date of this contract.

B. An Annual Fixed Fee for RTW to handle all claims reported within each (12) month period of the Agreement:

A Fixed Fee for RTW to handle all claims reported within the 02/01/2011 through 02/01/2012 period of this Agreement: **\$39,000**

21290

The Fixed Fee includes the following services: Claim Management; Claim related state reporting; Medical bill review and payment; RTW staff attendance at Hearings, Conferences; Medical Case Management services provided by RTW staff, and RTW Staff Physician reviews. The Fixed Fee will be payable in equal monthly installments.

Additional costs that will be billed to SI include: Allocated Loss Adjustment expenses identified in section 1.03 (E). of this agreement; Loss Prevention Consultant (\$100 per hour); QRC Services; Vocational Rehabilitation; Actuarial Services; Subrogation; Accident Investigations; External Catastrophe Claim Management; PPO Savings (25% of Savings); Payroll Audits; State mandated Application, Renewal and Filing Fees.

- C. An Annual Fixed Fee to handle open SI claims occurring prior to the effective date of this Agreement will be charged on a fixed fee basis as follows:

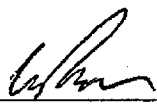
02/01/2011 – 02/01/2012 Fixed Fee \$7,500

The fixed fee charges to handle open SI claims occurring prior to the effective date of this Agreement will be payable in monthly equal installments.

This Agreement will automatically renew on a year-to-year basis on the first and each subsequent anniversary of this Agreement unless either party, at least thirty (30) days in advance of any such anniversary, provides the other party with written notice of non-renewal. Each renewal term will reflect a 2.5% increase in the Annual Fixed Fee from the previous annual term.

IN WITNESS WHEREOF, the parties have executed this Second Addendum as of the date indicated below.

	RTW, INC.
Dated: <u>January 27, 2011</u>	By: <u>[Signature]</u>
	Print Name: <u>David Dietz</u>
	Its: <u>Vice President</u>
	City of Duluth
Dated: <u>Feb 18, 2011</u>	By: <u>[Signature]</u>
	Print Name: <u>Don Ness</u>
	Its: <u>Mayer</u>
Countersigned:	

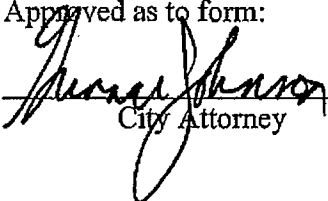


City Auditor

Attest: 

City Clerk

Approved as to form:



City Attorney

CERTIFIED COPY OF RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DULUTH, MINNESOTA

RESOLUTION 11-0043

ADOPTED: JANUARY 24, 2011

RESOLVED, that the proper city officials are hereby authorized to execute the second addendum to the administrative services agreement with RTW, Inc., substantially in the form of that on file in the office of the city clerk as Public Document No. 11-0124-08, for third party administration of the city's self-funded workers' compensation program effective February 1, 2011; payable from Fund 605, Agency 036, Organization 1651, Object 5441.

Resolution 11-0043 was unanimously adopted.

Approved January 24, 2011

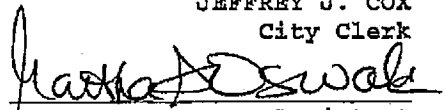
DON NESS, Mayor

I, JEFFREY J. COX, city clerk of the city of Duluth, Minnesota, do hereby certify that I have compared the foregoing resolution passed by the city council on the 24th day of January, 2011, with the original in my custody as city clerk of said city and that the same is a true and correct transcript therefrom.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of said city of Duluth, this third day of February, 2011.

JEFFREY J. COX
City Clerk

by


Assistant

CITY OF DULUTH, MINNESOTA

2011

ADDENDUM #3

The City of Duluth and RTW, Inc. entered into an Administrative Services Agreement ("Agreement") for third party administration of workers' compensation effective on February 1, 2006. The Agreement is hereby extended effective February 1, 2012 through February 1, 2013

All terms and conditions provided by the Agreement effective 02/01/2006 and amended in subsequent Addendums will remain in effect, except as otherwise amended in this Addendum #3. The following amendments are made:

1. Article III, Payment to RTW is amended to:

Fee. City of Duluth will pay RTW, Inc. the following fees for its services. The fees are payable within 15 days after the receipt of the RTW invoice.

- A. An Administration Fee for the period of February 1, 2012 through February 1, 2013 period of this Agreement.

Administration Fee	\$5,000
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The Administration Fee includes the following services: RTW e-Services® access and training; required state filings and reporting; set-up of the billing and banking process; account management; quarterly service review meetings with designated SI representatives and all IT charges for data conversions of claims occurring prior to the effective date of this contract.

- B. An Annual Fixed Fee for RTW to handle all claims reported within February 1, 2012 through February 1, 2013 period of this Agreement:

Annual Fixed Fee	\$36,500
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The Fixed Fee includes the following services: Claim Management; Claim related state reporting; Medical bill review and payment; RTW staff attendance at Hearings, Conferences; Medical Case Management services provided by RTW staff, and RTW Staff Physician reviews. The Fixed Fee will be payable in equal monthly installments.

Additional costs that will be billed to SI include: Allocated Loss Adjustment expenses identified in section 1.03(E). of this agreement; Loss Prevention Consultant (\$100 per hour); QRC Services; Vocational Rehabilitation; Actuarial Services; Subrogation; Accident Investigations; External Catastrophe Claim Management; PPO Savings (25% of Savings); Payroll Audits; State mandated Application, Renewal and Filing Fees.

- C. An Annual Fixed Fee for RTW to handle open SI claims occurring prior to the effective date of Article III(B) will be charged on a fixed fee basis effective February 1, 2012 through February 1, 2013 as follows:

Annual Fixed Fee

\$7,500

The Annual Fixed Fee to handle open SI claims provided herein will be payable in monthly equal installments.

This Agreement will automatically renew on a year-to-year basis on the first and each subsequent anniversary of this Agreement unless either party, at least thirty (30) days in advance of any such anniversary, provides the other party with written notice of non-renewal. Each renewal term starting on February 1, 2013 will reflect a 2.5% increase in the Annual Fixed Fee from the previous annual term.

IN WITNESS WHEREOF, the Parties have executed this ADDENDUM #3 as of the date indicated below.

RTW, INC.

Dated: _____

By: _____

Print Name: _____

Its: _____

City of Duluth

Dated: _____

By: _____

Print Name: _____

Its: _____